

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

April 29, 2016

Council Chamber

CONVENE: 9:08 a.m.

PRESENT: Councilmember Riki Hokama, Chair (In 10:42 a.m.)
Councilmember Mike White, Vice-Chair (Temporary Chair, 9:08 to 10:42 a.m.)
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Don Couch, Member
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (In 9:39 a.m.)
Councilmember Michael P. Victorino, Member

STAFF: Michele Yoshimura, Legislative Analyst
Shelly Espeleta, Legislative Analyst
Tammy M. Frias, Substitute Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Marci M. Sato, Budget Specialist V, Office of the Mayor
Mark. R. Walker, Deputy Director, Department of Finance (BF-38(22), -38(51))
David C. Goode, Director, Department of Public Works (BF-38(51), -38(52))
Lance T. Hiromoto, Director, Department of Personnel Services (BF-38(53))
John D. Kim, Prosecuting Attorney, Department of the Prosecuting Attorney (BF-38(54))
Janice Y. Shishido, Deputy Director, Department of Housing and Human Concerns (BF-38(55))
Robert M. Shimada, Deputy Fire Chief, Department of Fire and Public Safety (BF-38(56))
Cindy Y. Kagoshima, Business Administrator I, Department of Fire and Public Safety (BF-38(56))
Patrick K. Wong, Corporation Counsel, Department of the Corporation Counsel (BF-38(22))
Jerrie L. Sheppard, Deputy Corporation Counsel, Department of the Corporation Counsel (BF-38(22))
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery

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Michael L. Kehano, Assistant Solid Waste Division Chief, Solid Waste Division,
Department of Environmental Management (BF-38(51))

OTHERS: Mapu Kekahuna, Vice President, Nahiku Community Association (BF-38(22))
Lehua Kekahuna, Member, Nahiku Community Association (BF-38(22))
Kumu Kamalu Kahookele, Founder and President, Nahiku Community
Association (BF-38(22))
Raymond Kahookele (BF-38(22))
Evelyn Moniz (BF-38(22))
Abraham Melendez (BF-38(22))
Debora M. Moniz (BF-38(22))
Sonny K. Kekahuna (BF-38(22))
Zeke Kalua (BF-38(22))
Terry Kristiansen (BF-38(22)) (via Hana telephone conference bridge)
John Blumer-Buell (BF-38(22)) (via Hana telephone conference bridge)
Zeoc Mosheyev (BF-38(22)) (via Hana telephone conference bridge)
Lehua Cosma (BF-38(22)) (via Hana telephone conference bridge)
Additional attendees (15)

PRESS: Akaku: Maui Community Television, Inc.

VICE-CHAIR WHITE: . . .(*gavel*). . . Good morning, this meeting of the Budget and Finance Committee shall please come to order. Members, we've got, as you all know, quite a number of items on the list for this morning. Let me just let you know what the order of dealing with the items will be. We will start off, without objections, the Chair would like to start with the Nahiku Community Center --

COUNCILMEMBERS: No objections.

VICE-CHAIR WHITE: --followed by the amendments, let's see, BF-38(52), 38(53), 38(54), 38(55), and then we will go to the BF-38(51) and we will take BF-38(56) at the end of the meeting.

COUNCILMEMBERS: No objections.

VICE-CHAIR WHITE: Without objections, we'll adjust the agenda accordingly. And with that, without objection, we'll open public testimony.

COUNCILMEMBERS: No objections.

VICE-CHAIR WHITE: Okay. Thank you very much. And our first testifier is Mapu Kekahuna. And we will take a couple from the Chambers and then go to our District Offices.

. . .BEGIN PUBLIC TESTIMONY. . .

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MR. M. KEKAHUNA: Aloha and good morning --

VICE-CHAIR WHITE: Good morning.

MR. M. KEKAHUNA: --Council Chairman White and Councilmembers. Thank you very much for having me present testimony today on your agendized item. And mahalo, Bob, for considering the, moving us up to the top of your agenda today. I am Mapu Kekahuna and I am the vice-chairman of the Nahiku Community Association, have been, has done so for the past six terms, I believe. And I'm here today to ask for your humble support in passing this amendment for 2016 for the build-out of the Nahiku Community Center, wait, let me correct myself, the David Kanaloa Kahookele Nahiku Community Center as ordinance has been passed a couple years back as the original title. There's many reasons why we have been very strong in our community to get this community center built for many, many reasons. And we've provided testimony after testimony, people have come forth, and the importance is not only having a community center for the County of Maui or for the East side of the island of Maui but also to prepare ourselves for disasters. Just this past Sunday we had a landslide, cut off to all the way to in bound to Hana and Wailuku bound. Tourist for days lost without places to go, stuck on the Hana Highway and school kids going back to Hana after a game out in town and they had to be diverted. With no secondary shelter of that sort really cripples East Maui geographically. It is important to engage as we have done with Anna Foust with your Emergency Management Department. We've engaged with Michele Liberty with the Red Cross. We've engaged with the Aha Moku Council Kaupo as they share the same issues that we contend with living in East Maui. It doesn't take a natural catastrophe of a hurricane, tsunami, or earthquake to cripple us in East Maui. It just takes a basic continuous rainstorm, windstorm that will cripple that section, and I can go on. Besides the many benefits that the kupuna as well as the young alike will have a place to go as an alternative for East Maui and/or for the community of Maui. And I use the word community of Maui because it is a community center. So having said all of this, to sum my whole paraphrase story today, I thank you, Council Chair White, Riki Hokama, the Budget Chair for putting this on your agenda today. And we're hoping that today, you guys, the Council will see it to pass this Budget amendment for 2016 to begin the process of building this long awaited, ten year in the process Nahiku Community Center. Thank you very much.

VICE-CHAIR WHITE: Thank you, Mr. Kekahuna. Members, any questions for the testifier? Seeing none, thank you for being here this morning.

MR. M. KEKAHUNA: Have great day all.

VICE-CHAIR WHITE: And just as a note, I hope there's no one here wishing to testify on the Budget because the Budget is not on the agenda until later today at 1 o'clock. So the next testifier is Lehua Kekahuna.

MS. KEKAHUNA: Aloha and good morning, my name is Lehua Kekahuna, and I am a member of the Nahiku Community Association. I am here today in full support all of

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the David Kanaloa Kahookele, Jr. Community Center to be built. I am hoping after today we will not have to wait any further to see this project through. Thank you very much. Have a good day.

VICE-CHAIR WHITE: Thank you, Lehua. Good to see you again. And our next testifier is Kumu Kamalu Kahookele.

MS. KAHOOKELE: Aloha kakahiaka --

VICE-CHAIR WHITE: Aloha.

COUNCILMEMBER VICTORINO: Aloha.

MS. KAHOOKELE: --pakahi apau. I would like to thank the Councilmembers and, of course, our Chairperson there sitting up there Mr. Mike White. I thank you all for letting us and allowing us to be here to share. The Nahiku Community Center, which started from just a little dream and then it blossomed into a vision, and from a vision, it became a pathway to a reality through the help of many, many, especially Representative Mele Carroll. And as I stand here it kinda bring tears to my eyes because it has been a long, long journey and many of you Councilmembers past and present have always been there to support the whole island of Maui. Mahalo for that. And I would like to share and say one more thing. If God is willing, it shall be done. So from the day one of the founder and as the president of the Nahiku Community Association, I leave it in God's hands and all of you to make this reality a true reality. Mahalo nui loa pakahi apau. Aloha no.

VICE-CHAIR WHITE: Mahalo. Members, any questions for the testifier? Seeing none, thank you very much for being here this morning. Aloha. Raymond Kahookele?

MR. KAHOOKELE: Good morning, Mr. Speaker, Councilmembers.

COUNCILMEMBER COUCH: Can you please use the microphone?

COUNCILMEMBER VICTORINO: Can you get the mic by you.

VICE-CHAIR WHITE: Yeah, please. Move the mic up a little bit.

COUNCILMEMBER BAISA: Thank you.

MR. KAHOOKELE: Aloha.

COUNCILMEMBERS: Aloha.

COUNCILMEMBER VICTORINO: There you go. Aloha.

MR. KAHOOKELE: My name is Raymond Kahookele and I am the grandson and adopted son of David K. Kahookele, Jr. and a resident and member of Lower Nahiku since 1952.

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And what is so significant about this is that the, I believe, that the Nahiku Community Center is to be named after him, David K. Kahookele, Jr. Center. So this morning it gives me great honor and privilege to give my full support and testify in behalf of the building of the Nahiku Community Center project. And finally, I would like to thank the Nahiku Community Center and the County Council and the Administration of the Maui County, too, for all of their hard work and their patience into bringing this project to light. And the visions and the dreams of those who administer this project, the idea and to thank you that I pray that it will become a reality for the benefit of all those in our community. I would like to thank you again. Mahalo.

VICE-CHAIR WHITE: Thank you, Mr. Kahookele. Members, any questions for the testifier? Seeing none, thank you for sharing your thoughts this morning. We'll go to the District Offices now starting with Hana. Hana District, do you have testifiers?

MS. LONO: Good morning, Chair. This is Dawn Lono at the Hana Office and we have three testifiers. The first testifier is Terry Kristiansen testifying on BF-38(22).

MS. KRISTIENSEN: Good morning, Vice-Chair White and Members of the Budget and Finance Committee. My name is Terry Kristiansen and I am a resident of Nahiku, developing and working a farm here for more than 20 years. I have submitted more than 80 signatures to you, 2 different circulated petitions that have opposed the Nahiku Community Center as planned. Those members of the community expressed very clearly that the project as designed is not in keeping with the community need. The voices of these 80 residents of Nahiku have gone unheard by our Mayor and Council representative. If they had listened, we would not be here today speaking on this subject. If you are determined to move forward in spite of the opposition of this project, we believe that an Environmental Impact Assessment would clarify the needs and desires of the Nahiku community. Until today, this step has not been taken. Please do not support the Budget amendment to fund the unwanted project that has skipped an intricate [sic] step in the democratic process. This process includes a Change in Zoning, an Environmental Assessment, and an SMA permits, fund the legal process we are entitled to or retire the funds to improve Helene Hall and conduct the master water and wastewater plan for Hana. Thank you.

VICE-CHAIR WHITE: Thank you, Ms. Kristiansen. Members, do you have any questions for the testifier?

COUNCILMEMBER VICTORINO: Chair? I have one question --

VICE-CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: --if you can hear me, Ms. Kristiansen.

VICE-CHAIR WHITE: Ms. Kristiansen, can you hear Mr. Victorino?

MS. KRISTIENSEN: I can.

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COUNCILMEMBER VICTORINO: Okay. I would like to know these 80 residents, are all in the Nahiku area?

MS. KRISTIANSEN: Absolutely.

COUNCILMEMBER VICTORINO: Thank you very much. I just would like to know that. Thank you very much.

MS. KRISTIANSEN: You're welcome.

VICE-CHAIR WHITE: Members, any other questions for the testifier? Seeing none, thank you very much for your testimony this morning, Ms. Kristiansen. And, Dawn, please call your next testifier.

MS. LONO: Okay. The next testifier is John Blumer-Buell, testifying on BF-38(22).

MR. BLUMER-BUELL: Dawn, is it best to speak right into this?

VICE-CHAIR WHITE: Yeah. We can hear you just fine.

MR. BLUMER-BUELL: Can you hear me, Chair?

VICE-CHAIR WHITE: Yes, we can. Thank you.

MR. BLUMER-BUELL: Aloha. This is John Blumer-Buell and I'm testifying regarding the proposed Budget amendment for the proposed Nahiku Community Center.

COUNCILMEMBER VICTORINO: I cannot make him out, Mr. Chair.

MR. BLUMER-BUELL: Aloha, Vice-Chair...

VICE-CHAIR WHITE: Please get a little closer to your microphone.

MR. BLUMER-BUELL: Okay. Can you hear me now?

COUNCILMEMBER VICTORINO: A little better.

VICE-CHAIR WHITE: Yeah. That's better.

MR. BLUMER-BUELL: Can you hear me now?

VICE-CHAIR WHITE: Yes.

MR. BLUMER-BUELL: Okay. Raymond Kahookele and I wrote the Maui County Council on behalf of the community requesting the Council move the subject issue to the EAR Committee. The Council did so. The community appreciated that action because we reasonably expected EAR-26 to be heard in Hana or Nahiku. Sadly, there have

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been no official meetings regarding EAR-26 to gather information in Hana or Nahiku. Sadly and illegally, the Maui County Council has not followed land use laws or followed lawful due process. Clearly the Council has ignored the overwhelming sentiment and evidence against the center as proposed. Councilmember Carroll recently held an informal meeting in Hana regarding all East Maui issues. Councilmember Cochran attended, that was not an official meeting. The *Hanaside News* reported on that meeting was in part "one petitioner expressed regrets that the proposal has divided and brought conflict to the quiet Nahiku community and church. Tragically the ...(inaudible)... --

COUNCILMEMBER VICTORINO: I cannot...Mr. Chair.

MR. BLUMER-BUELL: --regarding the proposal." Please do not support the Budget amendment to fund the unwanted project that has not followed the law. Please let the funds lapse. At the April 15 Council meeting, Councilmember Hokama asked that the Lanai Community Plan follow land use laws and make the draft the Lanai Community Plan clear and unambiguous, I agree. This is an important issue for all of our community plans. The Hana Community Plan is already clear and unambiguous regarding the proposed center. The land is zoned Agriculture; the designation needs to be changed to Public/Quasi-Public so the Hana Community Plan amendment is similar to the process regarding the Hana Medical Center. The proposed community center also requires a Change in Zoning and an environmental impact and an SMA Major Permit. Please defer the proposed budget amendment until the EAR Committee hears issues in Hana or Nahiku. If you plan to vote in favor please demand conditions for funding, one, require an Environmental Assessment, two --

MS. ESPELETA: Thirty seconds.

MR. BLUMER-BUELL: --a change in community plan designation for ...(inaudible)... to quasi, Public/Quasi-Public, three, a Change in Zoning, and four, a public hearing process for SMA Major Permit. These conditions need to be met before any additional funding occurs. Instead, the funds should be constructively spent on a "master water and master wastewater plan" as mandated in the 1994 Hana Community Plan.

MS. ESPELETA: Three minutes.

MR. BLUMER-BUELL: Please recognize the need for this first step as raw sewage continues to flow into Hana Bay from more than 100 cesspools and injection wells and...

VICE-CHAIR WHITE: Mr. Blumer-Buell, you'll have to...you have exceeded your time. Could you provide a concluding remark please?

MR. BLUMER-BUELL: Absolutely. And the sewage from Helene Hall. My closing sentence, I recognize how busy you are in Budget deliberations. Thank you for your careful consideration in this matter. Thank you.

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VICE-CHAIR WHITE: Thank you. Thank you very much. Members, any questions for the testifier?

COUNCILMEMBER COCHRAN: Chair, no questions, but we did receive written, via Mr. Blumer-Buell.

VICE-CHAIR WHITE: Right.

COUNCILMEMBER COCHRAN: So in case we couldn't hear him clearly.

VICE-CHAIR WHITE: Yes, we have received your written testimony. Thank you, Mr. Blumer-Buell.

COUNCILMEMBER COCHRAN: Thank you.

MR. BLUMER-BUELL: You're welcome.

VICE-CHAIR WHITE: Any other questions? Seeing none, thank you for your testimony this morning. Hana, will you please call your third testifier?

MS. LONO: The next testifier is Zeoc Mosheyev and I do have one more testifier, sorry to interrupt that, but we have Mosheyev and he is testifying on BF-38(22).

VICE-CHAIR WHITE: Thank you.

MR. MOSHEYEV: Aloha. My name is Zeoc Mosheyev and I'm a resident of Lower Nahiku for the past 15 years. With regards to the proposed community center on Lower Nahiku, my family and I believe it to be out of scope and proportion to what our tiny community might need. Approximately 150 people live down this road and there is already too much traffic on it with the tourists coming down and creating a big community center might increase that traffic, I'm sure building it will definitely increase that traffic. The project has many problems before it, for example, the SMA Permit has not yet been obtained and the zoning does not presently allow for it. Maybe we could get what a lot of the residents initially wanted which was something like a community garden and a playground for the keiki and maybe some type of physical activity like a half-court basketball. We didn't really go for this type of huge community center, which really doesn't fit in our little tiny community that is not really looking to grow that rapidly. Mahalo.

VICE-CHAIR WHITE: Thank you, Mr. Mosheyev. Members, any questions for the testifier? Okay. We'll go ahead and take your last testifier, Dawn.

MS. LONO: Okay. The next testifier is Lehua Cosma, testifying on the same item.

MS. COSMA: Aloha, Councilmembers. My name is Lehua Cosma and born and raised in Hana. I've been following this issue for a very long time. I also attended the celebration. It's sad that, you know, we cannot move forward, but I'm in favor and the

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reason is just last Sunday, and I said it before, we had a major landslide, people had nowhere to go, either they had to stay in their cars, and this was by Keanae, or turned around and turned back to Hana. And yes, there were tourist but yes, there were ohana too. I cannot see anybody in their cars waiting on the dangerous highway for two hours, and I feel with the community center that would be utilized as an option for the Red Cross to have people go and wait while they clear the road. I look at it as a positive thing because I know the people had worked so hard to get this project in place. They're born and raised from Nahiku, and so, I think, if you look at the bigger picture, it can be utilized as more than a center. It can also provide playground, whatever, tied all into one. The land is already there; it was once a school. And I just want to see this moving forward, enough already, it's been going on too long. And ...*(inaudible)*... for taking this time to listen to my testimony. And I want to thank all of you for coming out to Hana the last budget. I'm sorry I missed you all. I was not feeling well. But thank you again.

VICE-CHAIR WHITE: Thank you very much Ms. Cosma. I hope you're feeling better. Members, any questions for the testifier? Seeing none, thank you for your testimony this morning. And we'll come back --

MS. COSMA: Mahalo.

VICE-CHAIR WHITE: --to the Chambers. Our next testifier is Evelyn Moniz.

MS. E. MONIZ: Hi, everybody, Councilmembers. This my first time being here, so I never experienced something like this before so this will be my first time.

COUNCILMEMBER VICTORINO: You doing fine.

MS. E. MONIZ: Hi, Mike. Anyway, born and raised in Nahiku and I've went to the Nahiku School and everything and raised by my grandfather the late David Kanaloa Kahookele, Jr. and he was actually my school teacher, too, there in Nahiku. But anyway, I'm 71 now and for that person whoever he is spoke about living there for 15 years, I live there all my life. So who knows more about Nahiku than I do, not him. But anyway, getting to that I'm in favor for the Nahiku Community Center and I like to say that I'm all for it. I think the people there in Nahiku, even I don't live there right now being having a family here in Wailuku and we, too, tend to go there from time to time, and to have a community center built there would be a good thing for the people there not only for the young ones, for the kupunas. They can have playgrounds like he said earlier. We can have all of that in a community center. What's good for the people is to stay together and see that this will go through, so I'm in favor of that. So I thank each one of you for being there for us and you have a good day. Thank you.

VICE-CHAIR WHITE: Thank you very much, Ms. Moniz. Members, any questions for the testifier? Seeing none, our next testifier is Abraham Melendez.

MR. MELENDEZ: Morning, everybody. My name is Abraham Melendez.

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VICE-CHAIR WHITE: Good morning.

MR. MELENDEZ: And I'm proud supporter of Nahiku Community Association 'cause they...if a lot of people, if they're afraid of progress like if our grandparents was afraid of progress we wouldn't get this far where we are. A lot of people say we don't need but they took a chance and I hope you guys all take a chance that something we really do need. It's just common sense that we need this area. If not for us, do it for the future. Thank you.

VICE-CHAIR WHITE: Thank you, Mr. Melendez. The last person to have signed up for testimony is Debora Moniz. If anyone else would like to provide testimony, please sign up in the lobby and we'd be happy to hear your thoughts.

MS. D. MONIZ: Hi, I'm Debora Moniz. It's a rarity for me to speak in front of people, but I support the Nahiku Community Center. And it is important to have that there because not only the East End will benefit from it, it will be for everyone who visits that side should there be any kind of disaster. And what is the name of this State? Aloha State. So it shows aloha that that small little community will support people who need to be there should they need somewhere to stay for any kind of disaster. And let me tell you, the ones that who are not in favor will be the very first person there. Thank you.

VICE-CHAIR WHITE: Thank you, Ms. Moniz. Is there anyone else...oh, yeah, we got one more. Please identify yourself and please proceed with your testimony.

MR. S. KEKAHUNA: Hello, my name is Sonny also known as Mana Kekahuna. I'm the best for last, I guess. Anyway, good morning. On behalf of my ohana, I'm the great great grandchild of David, who this community center is being named after. I'm in big favor of this building being built in other words. And I represent those who live here in the city. I was raised there for 25 years. I wasn't born there. A lot of changes have been happening, a lot of disasters, what have you, and now as people say look at the bigger picture, we not only fighting for a community center for disaster periods, we looking for our kids as well. I'm a father of two. Community center can be also for parties, example, modernization, Wi-Fi, what have you, basketball courts what they say which is not needed there. Anyway, but yeah, I speak for on behalf of my family, my two kids, and my wife and we all in full support of this community center. Mahalo, aloha.

VICE-CHAIR WHITE: Thank you very much for your testimony. Members, any questions for the testifier? Seeing none, thanks for being here this morning. We have another testifier, Zeke Kalua.

MR. KALUA: Good morning, Council Chair White, Members of the Budget and Finance Committee. My name is Zeke Kalua testifying today as an individual. Oftentimes in our community we're very reactive to situations and my personal stake in this facility, Nahiku Community Center, is having gone through a physical experience, which was when we had the closure of the Paihi Bridge in Hana and consecutively at the same time there was a rockslide at the Manawainui just past Kahikinui. For 41 days, I lived

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at the Kalena Center and I received airdrops from the National Guard and I distributed supplies to over 150 families, not individual residents that were somewhat isolated at that time. Recently at the Kahikinui fire, there was access denied to Kaupo because of the same reason, and so we had to open up the Keokea Community Center and try and provide services for those people that were also displaced at the time. Not even 3 nights ago, there was a tree that fell down by mile marker 47 and that blocked off access for 2 hours to the residents of Keanae and Wailua Nui and during that time we had, as was mentioned by Lehua Cosma, vehicles on the road for two hours in the dark with zero resources including restrooms. It's unfortunate that there's some disagreement in that community about what should be the best course of action, but if you look at the benefits of what a community center in Nahiku would bring, perhaps the opportunity for Kaunoa Senior Services to provide services for their kupuna, the opportunity for the Boys and Girls Club to probably provide services for families that are working that could definitely use the assistance for child care, all of the opportunities that Hui No Ke Ola Pono could do as far as providing free blood pressure screening and other services. All of these things are proactive thoughts that we should be considering when looking at a facility of this size in that community, and change is hard for a lot of communities, not only in Nahiku but all throughout the State of Hawaii. So I'm in support of the Nahiku Community Association's request to build this facility. I also believe that it's long overdue and I do hope that we can get this thing moving forward soon because, as you all know, the costs increase, it seems daily almost. This is a remote area to build so it will cost more to bring resources out there. There's no batch plant right next door so it's gonna cost money to bring out that. And the sooner that we get on it, I think the better it will be. So please join us with your support today to support the construction of the Nahiku Community Center and the approval of the Budget amendment so that we can go out to bid the project. Thank you.

VICE-CHAIR WHITE: Thank you, Mr. Kalua.

AUDIENCE: . . .*(applause)*. . .

VICE-CHAIR WHITE: Members, any questions for the testifier? Seeing none, thank you for being here this morning.

MR. KALUA: Thank you.

VICE-CHAIR WHITE: Is there anyone else in the Chambers who would like to provide testimony this morning? Seeing none, we'll go to our District Offices. Dawn, do you have any testifiers anymore testifiers in Hana?

MS. LONO: The Hana Office has no one waiting to testify.

VICE-CHAIR WHITE: Thank you very much. Lanai Office, do you have any testifiers, Denise?

MS. FERNANDEZ: There's no one waiting to testify at the Lanai Office.

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VICE-CHAIR WHITE: Thank you. And to Molokai, do we have any testifiers there?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

VICE-CHAIR WHITE: Thank you very much. One more call for the Chambers. Seeing no one moving to the front of the room, Members, without objection, we'll close public testimony.

COUNCILMEMBERS: No objections.

. . .END OF PUBLIC TESTIMONY. . .

VICE-CHAIR WHITE: Thank you. And we'll take a brief recess, wait for Corp. Counsel to...oh, there he is hiding in plain sight.

ITEM 38(22): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(NAHIKU COMMUNITY CENTER) (CC 15-164)

VICE-CHAIR WHITE: Okay. Members, the first item we'll be taking up is the Nahiku Community Center Budget amendment. Mr. Wong, would you like to provide opening comments?

MR. WONG: I don't think so, Chair. We'll just be prepared to answer questions.

VICE-CHAIR WHITE: Pardon.

MR. WONG: I said, I think we'll just be prepared to answer questions.

VICE-CHAIR WHITE: Okay. You...yeah.

COUNCILMEMBER VICTORINO: No, he's saying something.

VICE-CHAIR WHITE: He said he's prepared to answer questions if we have any.

MR. WONG: Yes.

VICE-CHAIR WHITE: I don't think we have a quarterback for this project here. So you're the quarterback for the day.

MR. WONG: Okay. So let me quarterback this from the backseat. So first of all, I did hear the testifiers today and I've, I'm fully aware of the concerns that were raised on both sides of the issue. Currently what's before you is a Budget amendment for monies for the construction and design of the Nahiku Community Center and there's a lot of

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contention about whether or not we follow the law and whether or not the project is within scope. I sit here before you and I show you that the project at its first go around did follow the law and there's no doubt in my mind that the project as presented previously was consistent with and compliant with the law. As it relates to the current status, everyone should be well aware that the County of Maui is currently in litigation with the previous contractor. The status of it is still pending and I'm...the deputy assigned to it is not available today. I am aware of the current status of it and we have a ways to go in it. We did file suit against the contractor and we did a demand on its insurance policy under its performance bond. So that's public information and that's what we filed in court. Whether or not we're successful in that is, you know, yet to be seen. We're still in the discovery phase of that action and I believe strongly that if this item moves forward all it does is strengthen our position in the litigation. In terms of the timing of it, I can have Jerrie who's sitting to my right explain and she's heard by the way all the concerns that you heard today. Jerrie's been dealing with that topic for some time now. So it's not, these concerns that were raised today and the testimony from testifiers on both sides are not new to us. We've heard both sides for a very long time, and Jerrie's been, I think, very responsive to the community members and will continue to be responsive to the community members. If there's any particular questions about the project, I'm, again, I'm ready to answer. I think the matter should move forward, and I think that there should be no reason why you should not vote as you see fit today.

VICE-CHAIR WHITE: Thank you, Mr. Wong. And I'm, excuse me, Members, but I've been scolded now, twice, for not introducing the Members this morning. So welcome, Mr. Carroll, Ms. Baisa --

COUNCILMEMBER BAISA: Good morning.

VICE-CHAIR WHITE: --Ms. Cochran --

COUNCILMEMBER COCHRAN: Good morning, Chair.

VICE-CHAIR WHITE: --Mr. Couch --

COUNCILMEMBER COUCH: Aloha, Chair.

VICE-CHAIR WHITE: --Ms. Crivello --

COUNCILMEMBER CRIVELLO: Good morning, Chair.

VICE-CHAIR WHITE: --Mr. Guzman --

COUNCILMEMBER GUZMAN: Good morning, again.

VICE-CHAIR WHITE: --and Mr. Victorino.

COUNCILMEMBER VICTORINO: Aloha and thank you, Chair.

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VICE-CHAIR WHITE: And then for now, Mr. Hokama, is excused. So with that, I'd like to start with the district representative, Mr. Carroll. Questions for the counsel?

COUNCILMEMBER CARROLL: I have no questions. I have a statement I'd like to make if --

VICE-CHAIR WHITE: Sure.

COUNCILMEMBER CARROLL: --it would be appropriate at this time. I'd like to thank all those that participated, even those people that didn't want it. We thank them because we need to hear from everyone. From the beginning, when this was first proposed, the Nahiku community proposed this and Mele Carroll was one of the lead on that that actually, I believe, really, really started this. And I was not on the Council at that time, Bill Medeiros was the Councilmember from East Maui. And I did check and I did follow up when I did come back on the Council and as Corporation Counsel stated, I conferred with him several times and everything was always that all the legalities were met and not at one time did we ever have anything come up that disputed that. We had people that were not satisfied with it, but legally we had come across nothing that was done improperly up to this point right now. And I'm very pleased because we're proud of our Corporation Counsel and our people and Planning and everybody else as they go through it and they did go through it thoroughly. It's unfortunate that there was some division about what should be done. I just talked to one of the testifiers, Kristiansen, yesterday. They were asking for an EIS and I said that there is money inside there, to go over there if anything further was necessary, and because actually, I wasn't 100 percent positive until just a few minutes ago when we had that final confirmation that there were no problems that had come up in between. As Chair of the Land Use Committee for many years, about what, eight years or something like that, and after reviewing this proposal almost all of the concerns in there will be addressed during the permitting phase. During the permitting phase for the parking, the drainage and all of the other things inside there, the traffic, all that will be addressed during the permitting phase. So I feel very secure in that. It's something that is good for the community. I think that those people that were opposed to it and, again, I thank them for their participation, but I think in the end that they'll find out that it is something positive for the community, it is something for everybody, them included. And I'd like to thank everybody and especially those that have come out today to testify and it's been a long time, a really long time, but persistence pays off. And in my final statement, I will ask for my Councilmembers' support and I have one wish. Mr. Kahookele who we're naming the center afterwards, when I was young he used to go to the Maui County Fair and he was carving a canoe and I don't know what happened to that canoe, but if somebody ever finds it, boy, I'd sure like to have it over there even if it's not finished. Thank you, Chair.

VICE-CHAIR WHITE: Thank you, Mr. Carroll. Ms. Baisa?

COUNCILMEMBER BAISA: No questions. Thank you. I am in full support, always have been.

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VICE-CHAIR WHITE: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, no, just saying that I wanted to mention I appreciate Corporation Counsel being here to, I guess, clear the air of sorts as into people's concerns and issues. And have always been in full support as long as I've been able and had the privilege to go into Nahiku, meet the ohana, and understand and find out what their issues and concerns are in their community. And have always been so supportive along with Mele Carroll who, you know, I'm so honored that she was able, she let me shadow her in my early beginnings here. So I do have a heartfelt thanks to everyone involved, is a long time coming, so hopefully everyone sees that appreciates the need. Thank you very much, Chair.

VICE-CHAIR WHITE: Thank you, Ms. Cochran. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And I, too, am in full support. And I attended, I think it was the, either the blessing or the community meeting, one of the initial community meetings down there and had the pleasure of meeting all the ohana there. And, I mean, they've been working on it for a long time trying to get it going, so I'm in full support and I'm glad Corporation Counsel's here to answer the legal issues. Thank you.

VICE-CHAIR WHITE: Ms. Crivello?

COUNCILMEMBER CRIVELLO: Aloha. Thank you. Thank you, Corporation Counsel, for your dialogue with us as to how we may proceed. There's no question that I support the community process and also to strengthen our late Mele Carroll's footprints in Nahiku. And I just like to add that I appreciate the kamaaina that comes out to support their soil and their home ground. So if this is, if this will create a healthier community for Nahiku and all of the East Maui, I support Councilmember Carroll's recommendations. Mahalo.

VICE-CHAIR WHITE: Thank you, Ms. Crivello. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. I'm very well aware of the litigation that we had updated, we were given an update by Mr. Bilberry in Committee of the Whole. The only question I would have at this point is the permitting and the design estimation for, in the amount of 200,000. Wasn't the design already completed and why are we paying for the permitting again? I understand the estimated construction cost of the 1.750, but what is the additional 200,000 for? I mean, clearly the construction cost is necessary to fund, but what about the other 200,000?

MR. WONG: Chair, if I may, I'm not fully aware of the values involved, but the item will have to go out for bid again. A new contractor would have to be in place and so there may be some changes that the Department anticipates, that's why the numbers are in there. In terms of the exact dollar amounts, I couldn't tell you sitting here before you that that is an exact amount. I think that's a estimate on what the values may be and that's the best I can offer you at this point.

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COUNCILMEMBER GUZMAN: No, I completely understand why we need to do the construction contract cost for the proof of the damages, but the 200,000 that I believe the design is already completed and so, I don't know, just questioning that part of it.

MR. WONG: Yeah, I understand that there's also a component in that monies to oversee the construction itself.

COUNCILMEMBER GUZMAN: Okay. So that needs to be...okay. We'll just place that on the record then. Thank you. Thank you.

VICE-CHAIR WHITE: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. And most of my colleagues have covered most of the areas that I would have covered. I do ask...I do have two questions. First of all, the State matching funds, is that still available? Because again was that encumbered by the State? 'Cause that was an intrical [sic] part of this whole process, you know, and the late Mele Carroll worked her buns off making sure that got done, not sure what, I don't want to see that left off to the wayside. So can you address that, please?

MR. WONG: Sure. Thank you. Chair? Member Victorino, thank you for the question. My understanding is that Mayor was charged with the responsibility to pursue the matching funds from the State and I believe he's actively pursuing that.

COUNCILMEMBER VICTORINO: So at this time we still not sure if we're gonna get it or not?

MR. WONG: Correct.

COUNCILMEMBER VICTORINO: Okay. I would hope he works his little tail off to make sure, because the memory of Mele Carroll cannot be tarnished because we cannot get the State funding, that would be a real travesty in all of this.

MR. WONG: Agreed.

COUNCILMEMBER VICTORINO: Secondly, I understand, you know, there's some other matters that relate to this, legal matters and the former construction, contractor, I should say, that was awarded this so but I'm not gonna go in that area. I'll leave that one alone, Mr. Chair. The last thing I want to say is this, I would hope that those who opposed and those who support in a small community can get a hooponopono together and come and work out their differences. The worst thing this island, this County, and these communities is to be split on issues, Mr. Chair, and I see a divisive community. I live in area where it's divisive also and I know our County is but this is not good. This is good for the people, good for recreational, good for emergency services, and good overall for the community. I wish and hope and pray that those who oppose, I understand your point of view, but you will come together with those who support and make this work for your community. Thank you, Mr. Chair.

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VICE-CHAIR WHITE: Thank you, Mr. Victorino. Mr. Victorino and I share the strong hope that this will bring the community together, not allow it to continue to be divided. Just to further confirm, there was testimony that an EA was needed and not done, there was testimony that the Change in Zoning and SMA and the community plan amendment were required and not addressed. Can...I'm assuming by your earlier statement that you're confirming that all necessary changes were appropriately handled. Corp. Counsel?

MR. WONG: Chair, thank you for the question. The answer is still in the affirmative. The process was complied with correctly in the first go around and there's no reason why it should change for the rebidding and identification of a new contractor. Chair, you've heard testimony and we've heard concerns raised by the community. We've again looked into all those aspects and I, again, sit here before you and tell you that my understanding is that we properly, as a County, moved forward when we initiated the project. It wasn't to...unfortunately, the project did not move forward, not out of anything that the County, it did, and that's why we as a Department actively continue to pursue the litigation on behalf of the County. I believe at the end of the day that what will develop is a, hopefully a positive result in the litigation. Unfortunately, it caused a hiccup and a delay in this process, but the compliance with the permitting and the proper EA review was done and I believe that there's the exception of the EA that was applied in this particular circumstance. So we have heard a lot of concerns. We've vetted those concerns, and I think we're satisfied that the project initially and as it continues is compliant.

VICE-CHAIR WHITE: Thank you very much. Did you, Jerrie, were you able to confirm that the State funds remain available because our Staff had...

MS. SHEPPARD: Yeah. The State funds were lapsed and so the Mayor is seeking those fundings again and he is actively doing that.

VICE-CHAIR WHITE: Okay. Thank you for that clarification. Members, any further discussion? Take a short recess at the call of the Chair. . . .(gavel). . .

RECESS: 9:58 a.m.

RECONVENE: 9:59 a.m.

VICE-CHAIR WHITE: . . .(gavel). . . This meeting of the Budget and Finance Committee will please come back to order. Members, is there any further discussion on this item? Seeing none, the Chair is ready to make his recommendation.

COUNCILMEMBERS: Recommendation.

VICE-CHAIR WHITE: Chair's recommendation is to pass A Bill for an Ordinance Amending the Fiscal Year 2016 Budget for the County of Maui as it pertains to Estimated Revenues, Department of Fire and Public Safety, totaling...I'm sorry, I'm on the wrong

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item. That's the problem with all these long titles. Okay. Here we are. The Chair's recommendation is to pass unamended A Bill for an Ordinance Amending the Fiscal Year 2016 Budget for the County of Maui as it Pertains to Estimated Revenues; Hana Community Plan Area, Government Facilities, Nahiku Community Center; Total Capital Improvement Project Appropriations; and Total Appropriations (Operating and Capital Improvement Projects). That's the first bill. And the second is A Bill for an Ordinance Amending Ordinance No. 4228, Bill No. 35 (2015) Relating to the Issuance of General Obligations Bonds of the County of Maui (Nahiku Community Center). And we will not be filing this Communication, and I would like to include in the motion to allow the Staff to make...

COUNCILMEMBER CARROLL: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

VICE-CHAIR WHITE: Thank you. We have a motion from Mr. Carroll and a second from Mr. Victorino, and the end of the motion if you didn't hear it was to allow the Staff to make nonsubstantive amendments.

COUNCILMEMBERS VOICED NO OBJECTIONS (excused: RH).

VICE-CHAIR WHITE: Alrighty. We have a motion from Mr. Carroll and a second from Mr. Victorino. All those in favor, please signify by saying "aye."

COUNCILMEMBERS: Aye.

VICE-CHAIR WHITE: Those opposed, say "no." Measure passes with eight "ayes," zero "noes," and one excused and that would be Mr. Hokama. Thank you, Members.

VOTE:	AYES:	Vice-Chair White and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.
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NOES:	None.
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ABSTAIN:	None.
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ABSENT:	None.
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EXC.:	Chair Hokama.
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MOTION CARRIED.

ACTION: Recommending FIRST READING of revised bills.

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ITEM 38(52): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(TRANSFERRING APPROPRIATIONS WITHIN THE DEPARTMENT
OF PUBLIC WORKS) (CC 15-164)

VICE-CHAIR WHITE: And now we will move to item BF-38(52), which is with the Public Works Department and the Director here will be joining us in a couple seconds. Members, this is a bill entitled Authorizing the Transfer of an Unencumbered Appropriations Balance within the Department of Public Works, Fiscal Year 2016 Budget. The purpose of the proposed resolution is to transfer from Category B (operations or service) to Category C (equipment), in the amount of \$12,000 within the Public Works Department, Administration Program, for the purchase of a copy machine. Mr. Goode?

MR. GOODE: Thank you, Chair. Good morning, Members, David Goode here, Department of Public Works requesting today a transfer from our B operational budget to our C equipment budget for a copier. Our current copier is almost ten years old. It's broken down six times in the last eight months. It's been an inconvenience for us. Copier's had about a half million copies and we think in the next year or two it's no longer gonna be serviceable under our service contract with the current provider. We have...we started to price out a new copier. We're getting bids but preliminarily it looks like over the next five years it'll completely pay for itself. We'll spend the same amount of money if we somehow kept the existing copier than it would to buy the new one. We'll have lower operating costs going forward with it. And we have the savings because we saved, we squirreled away money, if you will, for arbitrations, and this year we did not have any arbitrations to deal with. We do have a pending one, which we don't expect any bills to occur until July or August, so we have the funds and we just want to transfer from B to C, that's it.

VICE-CHAIR WHITE: Pretty straightforward, Members, any questions for the Department?

COUNCILMEMBER VICTORINO: Chair, only one quick question.

VICE-CHAIR WHITE: Mr. Victorino?

COUNCILMEMBER VICTORINO: This is a purchase, not a lease, right?

MR. GOODE: Correct, yeah, we did an analysis on a lease and it was gonna cost us probably another 10 percent more.

COUNCILMEMBER VICTORINO: That's fine. I just wanted clarification. Thank you.

VICE-CHAIR WHITE: Good question. Any other discussion, Members?

COUNCILMEMBER COCHRAN: Chair?

VICE-CHAIR WHITE: Yes, Ms. Cochran?

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COUNCILMEMBER COCHRAN: Squirrel away for arbitration. Arbitration, not like litigation, this is the bargaining binding arbitration union arbitration, is that what you're referring to?

MR. GOODE: Yeah.

COUNCILMEMBER COCHRAN: Oh, okay.

MR. GOODE: Yeah, correct.

COUNCILMEMBER COCHRAN: Okay. Thank you.

VICE-CHAIR WHITE: Okay. Any further discussion, Members? Seeing none, Chair's ready to make his recommendation.

COUNCILMEMBERS: Recommendation.

VICE-CHAIR WHITE: I read the bill earlier and so the Chair's recommendation is to pass the bill unamended and filing the County communication and I don't see the County communication number. Oh, I'm sorry, pass the resolution authorizing the transfer of an unencumbered appropriation balance within the Department of Public Works, Fiscal Year 2016.

COUNCILMEMBER COUCH: So moved.

COUNCILMEMBER VICTORINO: Second.

VICE-CHAIR WHITE: We have a motion from Mr. Couch and a second from Mr. Victorino. Any further discussion? Seeing none, all those in favor, please signify by saying "aye."

COUNCILMEMBERS: Aye.

VICE-CHAIR WHITE: Those opposed, say "no." Measure passes with eight "ayes," zero "noes," and one excused, Mr. Hokama. Thank you, Members.

VOTE: AYES: Vice-Chair White and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Chair Hokama.

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MOTION CARRIED.

ACTION: Recommending ADOPTION of resolution.

ITEM 38(53): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(TRANSFERRING APPROPRIATIONS WITHIN THE DEPARTMENT
OF PERSONNEL SERVICES) (CC 15-164)

VICE-CHAIR WHITE: And we'll next go to the Department of Personnel Services and this is another resolution Authorizing the Transfer of an Unencumbered Appropriation Balance Within the Department of Personnel Services, Fiscal Year 2016 Budget. The purpose of the proposed resolution is to transfer from Category A (salaries and premium pay) to Category B (operations or services), an amount of \$20,000 within the Department of Personnel Services. And we have the Director here to share his thoughts. Director?

MR. HIROMOTO: Good morning, Chair. Good morning, Members. Lance Hiromoto, Director of Personnel Services, we are requesting a transfer of the amount of \$20,000 from our A Account to our B Account operations. We have these funds available in our A Account because of a mid-year, mid-fiscal-year retirement. We made a decision to hold off on filling the position, because we had anticipated that we may have to be here before you. As you have heard when we were here in our earlier budget testimony for our Department and for our FY '17 Budget, we had to use some of our funds in our operations budget to invest in and implement a applicant tracking system so that cost a little bit money. And so what we're wanna do is restore some of the money...use the money from our A Account to provide more training in our Department and for some, I guess, unanticipated issues that might occur and that we may need to use our Employer Assistance Program for. Thank you, Chair.

VICE-CHAIR WHITE: Thank you, Mr. Hiromoto. Members, any questions for the Department? Seeing none, the Chair is ready to make his recommendation.

COUNCILMEMBERS: Recommendation.

VICE-CHAIR WHITE: Chair's recommendation is to pass the resolution Authorizing the Transfer of an Unencumbered Appropriation Balance within the Department of Personnel Services, Fiscal Year 2016 Budget, and allowing the Staff to make nonsubstantive changes.

COUNCILMEMBER VICTORINO: So moved, Mr. Chair.

COUNCILMEMBER COUCH: Second.

VICE-CHAIR WHITE: We have a motion from Mr. Victorino and a second from Mr. Couch. Any further discussion, Members? Seeing none, all those in favor, please signify by saying "aye."

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COUNCILMEMBERS: Aye.

VICE-CHAIR WHITE: Those opposed, say "no." Measure passes with eight "ayes," zero "noes," and one excused, Mr. Hokama.

VOTE: AYES: Vice-Chair White and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Chair Hokama.

MOTION CARRIED.

ACTION: Recommending ADOPTION of resolution.

VICE-CHAIR WHITE: Thank you very much.

MR. HIROMOTO: Thank you, Chair. Thank you, Members.

**ITEM 38(54): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(TRANSFERRING APPROPRIATIONS WITHIN THE DEPARTMENT
OF THE PROSECUTING ATTORNEY) (CC 15-164)**

VICE-CHAIR WHITE: And our next item is, I think, another resolution transferring appropriations within the Department of Prosecuting Attorney. The bill is...or this is a resolution Authorizing the Transfer of an Unencumbered Appropriation Balance within the Department of the Prosecuting Attorney, Fiscal Year 2016 Budget. The purpose of this bill is to transfer from the General Prosecution Program, Category A to an amount of \$70,000 because of a projected budgetary shortfall in salaries and wages by the end of Fiscal Year 2016. Good morning, Mr. Kim.

MR. KIM: Good morning, Mr. Chair. J.D. Kim, Prosecuting Attorney.

VICE-CHAIR WHITE: Proceed if you would like.

MR. KIM: Yes, thank you. We need to transfer some monies from our General Prosecution to our Administration. Initially I thought that this was a mistake in accounting; however, I realized that instead of five members in Administration, we have seven and

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that includes our Victim/Witness Director who has continued her work in community outreach programs on anti-violence working weekends and overtime. And so we need to supplement our Administration budget to cover that overtime cost.

VICE-CHAIR WHITE: Okay. Thank you. Members, any questions for the Department? Seeing none, the Chair would be, is ready to make his recommendation.

COUNCILMEMBERS: Recommendation.

VICE-CHAIR WHITE: Chair's recommendation is to pass a resolution Authorizing the Transfer of an Unencumbered Appropriation Balance within the Department of the Prosecuting Attorney, Fiscal Year 2016 Budget, and allowing the Staff to make nonsubstantive technical changes if necessary.

COUNCILMEMBER VICTORINO: So moved.

COUNCILMEMBER COUCH: Second.

VICE-CHAIR WHITE: We have a motion from Mr. Victorino and a second from Mr. Couch. Any further discussion, Members? All those in favor, please signify by saying "aye."

COUNCILMEMBERS: Aye.

VICE-CHAIR WHITE: Those opposed, say "no." Measure passes with eight "ayes," zero "noes," and one excused.

VOTE: AYES: Vice-Chair White and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Chair Hokama.

MOTION CARRIED.

ACTION: Recommending ADOPTION of resolution.

VICE-CHAIR WHITE: Thank you very much, Mr. Kim.

MR. KIM: Thank you, Mr. White.

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ITEM 38(55): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(TRANSFERRING APPROPRIATIONS WITHIN THE DEPARTMENT
OF HOUSING AND HUMAN CONCERNS) (CC 15-164)

VICE-CHAIR WHITE: Okay. Members, we are going to take our...oh, you're right, one more. Next is...the next item is BF-38(55), this is a resolution Authorizing the Transfer of an Unencumbered Appropriation Balance Within the Department of Housing and Human Concerns, Fiscal Year 2016 Budget. The purpose of this proposed resolution is to transfer from Category B to Category C, \$2,000 within the Department of Housing and Human Concerns, Human Concerns Program, because of an unexpected increase in copier lease costs. So we have Deputy Director this morning.

MS. SHISHIDO: Good morning.

VICE-CHAIR WHITE: Provide any comments.

MS. SHISHIDO: Good morning, Chair White. Good morning, Councilmembers. My name is Jan Shishido and I'm the Deputy Director of Department of Housing and Human Concerns. First, I wanted to clarify that the unexpected increase in copier lease cost is not an additional cost. It's rather to correct our Fiscal Year Budget, Fiscal Year '16 Budget to appropriately allocate funds under the C Account for the copier lease. Currently the lease is being charged to the B Account under copier supplies, and therefore we're requesting to transfer the \$2,000 from our Department Immigrant Services Division, index code 914143, sub-object code 6221 to C Account in sub-object code 62...I'm sorry, 7105. Mahalo for your consideration. Thank you.

VICE-CHAIR WHITE: Thank you, Ms. Shishido. Members, any questions for the Department? Seeing none, the Chair is ready to make his recommendation.

COUNCILMEMBERS: Recommendation.

VICE-CHAIR WHITE: Chair recommends passage of a resolution Authorizing the Transfer of an Unencumbered Appropriation Balance Within the Department of Housing and Human Concerns, Fiscal Year 2016 Budget, and allowing the Staff to make nonsubstantive technical amendments.

COUNCILMEMBER CRIVELLO: So moved.

COUNCILMEMBER VICTORINO: Second, Mr. Chair.

VICE-CHAIR WHITE: Okay. We have a motion from Ms. Crivello and a second from Mr. Victorino. Any further discussion? Seeing none, all those in favor, please signify by saying "aye."

COUNCILMEMBERS: Aye.

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VICE-CHAIR WHITE: Those opposed, say “no.” Measure passes with eight “ayes,” zero “noes,” and one excused.

VOTE: AYES: Vice-Chair White and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Chair Hokama.

MOTION CARRIED.

ACTION: Recommending ADOPTION of resolution.

VICE-CHAIR WHITE: Members, we’re just gonna take a very short recess. We need to discuss something with the Staff. . . .*(gavel)*. . .

RECESS: 10:14 a.m.

RECONVENE: 10:14 a.m.

VICE-CHAIR WHITE: . . .*(gavel)*. . . This meeting of the Budget and Finance Committee shall come back to order. Members, Staff needs some time to work on a couple of items, so we will be in recess until a little after 10:30 to 10:35.

COUNCILMEMBER VICTORINO: Ten thirty-five, okay, thank you.

VICE-CHAIR WHITE: . . .*(gavel)*. . .

RECESS: 10:15 a.m.

RECONVENE: 10:42 a.m.

**ITEM 38(51): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
 (DEPARTMENT OF PUBLIC WORKS, CONTRIBUTION TO
 HIGHWAY BEAUTIFICATION AND DISPOSAL OF ABANDONED
 VEHICLES REVOLVING FUND) (CC 15-164)**

CHAIR HOKAMA: . . .*(gavel)*. . . We shall bring this meeting back to order. Thank you, Mr. White, for taking over the responsibilities of the Chair during my absence and so I

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appreciate it. Thank you for the good work this morning, Members. We have two more items we need to consider this morning. I direct you to BF-38(51). This is an amendment consideration to the Fiscal Year 2016 Budget under the Department of Public Works contribution to Highway Fund and Disposal of Abandoned Vehicles Revolving Fund. We have a County Communication 15-164 from the Budget Director, dated April 20th. And with that, Mr. Baz has sent us a bill for an ordinance amending the Fiscal Year 2016 Budget. The purpose of the bill is to amend this budget year by adding a \$400,000 contribution to the Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund. They taking it from one account to and shifting to another account, Members, so it's between categories, and at this time, I'll ask the Budget Office if they have any comments they want to share at this time.

MS. SATO: Good morning, Chair.

CHAIR HOKAMA: Good morning.

MS. SATO: Good morning, Councilmembers. Marci Sato from the Budget Office. So let me give you a little bit background of the Highway Beautification Fund. It was recently discovered that the revenues that have been estimated of the past several years, I'm not sure of how many years, have been overestimated. The accounting for this particular revolving fund involved a revenue component that really shouldn't be in there, thus overstating revenues to the tune of approximately \$1 million every year. Appropriations and provisos have been appropriated up until that amount so it was cumulative, and therefore for Fiscal Year '16 we are anticipating a shortfall in the amount of this \$400,000. We do have the Director of Finance, the Director of Public Works, and we also have DEM on hand to answer any questions that you may have.

CHAIR HOKAMA: Okay. Thank you for that, Ms. Sato. Mr. Walker, good morning, any comments you wish to share at this time?

MR. WALKER: Good morning, Chair. Mark Walker, Deputy Director of Finance, Committee Members. No, Marci has a pretty good handle on the ins and outs of the fund and here to try to answer any questions you might have.

CHAIR HOKAMA: Okay. Thank you very much. So, Ms. Sato, thank you again for assisting us this morning. Can you tell the Committee Members before I ask them for any questions or comments, what is the current status of the fund as you are aware of as of today, please?

MS. SATO: As of today...Chair? As of today, the current fund balance is a negative \$100,302.71.

CHAIR HOKAMA: Okay. Members, did you hear that? It's minus, not plus 103,000, it's a minus net \$103,000. You know, one thing is that we are concerned especially for today and we just want to make sure our understanding is correct. Payroll is today, has the payroll been covered for employees that depend upon this fund?

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MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: To my knowledge, the payroll has been paid for the employees covered under this Beautification Fund. Their expenditures will not get booked until within the next two weeks or so.

CHAIR HOKAMA: Okay. So if they go to the bank today, their check is solid, right?

MS. SATO: Yes.

CHAIR HOKAMA: The County of Maui is, will honor and pay its commitment to its employees. Okay. Well that's, from that standpoint, the Committee's happy to hear. Members, this is a unique situation for us, so I'm gonna ask if you have some questions at this time. Mr. Carroll, any questions for Ms. Sato, Mr. Walker, at this time?

COUNCILMEMBER CARROLL: Not at this time, Chair.

CHAIR HOKAMA: All right. Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No, Chair. I think it's something we've just got to take care of. Thank you.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Quite awakening moment here to hear this. So, I mean, I see a lot of programs, a lot of services, this County utilizes via this, so how is that all still up and running if this is in this huge deficit?

MS. SATO: Thank you, Councilmember.

CHAIR HOKAMA: Ms. Sato, can you answer that?

MS. SATO: Yes, Chair. So the amendment that you have before you, we did a Fiscal Year '16 projected analysis of the estimated revenues and the estimated expenditures, and we came up with taking into account all of the encumbrances and all of the estimated expenditures for the rest of the year. We did estimate a total in the Highway Beautification Fund for this year of about 500,000 of which we were able to obtain 100,000 from Solid Waste and the remaining 400 we're asking for from the Highway Fund.

COUNCILMEMBER COCHRAN: And you mentioned in your opening comments there was a huge item found in this category that shouldn't have been there, can you say what that was and where is it, where did it go?

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MS. SATO: Yes. Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: Thank you, Councilmember. My understanding is that with this revolving fund it's very unique because the Department of Finance collects the revenue under the Highway Beautification Fee through your vehicle registrations, but there are multiple departments that utilize the Highway Beautification Fund. With that, provisos were created in the past to help to identify which department would be able to utilize the funds. With that, new index codes were created, and I believe it's when those index codes were created that there may have been some confusion or just a process that happened where instead of...an accounting way of doing a transfer in and out of the proviso'd index codes which resulted in a transfer in being recognized as revenue. So the Budget Office takes the revenue amount, not, and they're not aware of which makes up actual fees or transfers in and that's where the discrepancy lied [sic].

COUNCILMEMBER COCHRAN: So technically this glitch of sorts really didn't have any actual monies behind it, that figure that you saw under that whatever proviso sub-object code, what have you, technically was short, I mean, because there was no funding backing that --

MS. SATO: That transfer in.

COUNCILMEMBER COCHRAN: --number.

MS. SATO: It appeared as it basically doubled the amount, correct.

COUNCILMEMBER COCHRAN: Okay. All right. Thank you.

MS. SATO: May I add that we are going to work with Finance to correct and remediate this problem.

COUNCILMEMBER COCHRAN: Excellent. I, Chair, it just scares me. I mean, is there other that we don't know?

CHAIR HOKAMA: We are following up, Ms. Cochran.

COUNCILMEMBER COCHRAN: And I have high confidence in you that you are. So thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Couch? Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, I'm good. Thank you.

CHAIR HOKAMA: Mr. White?

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VICE-CHAIR WHITE: Thank you, Chair. Mr. Walker, who's responsible for watching account balances and do you have anything in place to block access to an account once it reaches zero? What are the flags that are in place to advise you that something's going south?

MR. WALKER: Well --

CHAIR HOKAMA: Mr. Walker?

MR. WALKER: --I'll defer to Marci, but let me just say that...

VICE-CHAIR WHITE: No. I'm not really asking Marci because she's in the Budget Office.

MR. WALKER: I understand.

VICE-CHAIR WHITE: You're in the Finance Division that's controlling this.

MR. WALKER: The fund did not have a zero balance based on the amounts showing in IFAS. It didn't show zero. So but as Ms. Sato explained there was an over-calculation of the amounts of money that were being recognized as revenue, so.

VICE-CHAIR WHITE: Right. But aren't you supposed to be doing reconciliations between just, you know, it's normal to do bank reconciliations once a month to make sure that you've got money in the account. Were those...are those being done on a monthly basis?

MR. WALKER: I don't know if they're done on a monthly basis. I couldn't answer that. I can get back to you on that, how often they're done.

VICE-CHAIR WHITE: And then the other question is how does it reach a negative balance? Is it...is that, we have...are we overdrawn in the bank account that's connected to this or not?

MR. WALKER: No, I mean, this is just money that's in our Bank of Hawaii account.

VICE-CHAIR WHITE: So it's not a specific account.

MR. WALKER: Yeah. Right. Exactly.

VICE-CHAIR WHITE: Okay. So where are we accounting for the payroll that we're...sounds like we're meeting the payroll, but the payroll's supposed to come out of this fund and there's a negative of 100,000, so where is it being booked?

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

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MS. SATO: We would propose to utilize the Solid Waste Fund until the budget amendment is passed and at which time we would retransfer the funds back to the Highway Beautification Fund.

VICE-CHAIR WHITE: Okay. It just seems like we should have known about this long, long time ago, and I'm a bit shocked that we're caught flat footed like this. So thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: The provisos, those were drafted or created by the Council or what are these provisos?

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: Yes, so those provisos are proposed in the Budget and then ultimately approved in the ordinance.

COUNCILMEMBER GUZMAN: Those were provisos from 2016?

MS. SATO: Correct.

COUNCILMEMBER GUZMAN: Okay.

MS. SATO: But it also was cumulative from 2015 and prior years because there was the overestimation in revenues for those years as well. So the true...you're basing the provisos and the amounts available based on estimated revenue. What you see in the ordinance under the special revolving funds is not the true actual balance, it is the cash balance and then you're adding the estimated revenue but the total balance in the last column does not take into account any expenditures or encumbrances.

COUNCILMEMBER GUZMAN: Okay. So you don't have, I guess, a checks and balances system to almost like delete the previous provisos that came through?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: Chair, I believe in the past...

COUNCILMEMBER GUZMAN: 'Cause you mentioned they were cumulative provisos.

MS. SATO: Oh, cumulative expenditures.

COUNCILMEMBER GUZMAN: Expenditures, okay.

MS. SATO: I'm sorry. Yeah. So, whatever...I'm not meaning the provisos were cumulative --

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COUNCILMEMBER GUZMAN: Oh, okay.

MS. SATO: --but like just cumulative revenue accumulating into the revolving fund. I believe in the past from what I could tell by analyzing the account that entries were made to delete the provisos in years past but not in current year's, but I would have to differ to the Department of Finance for that more of their process on how they treated those provisos in the beginning.

COUNCILMEMBER GUZMAN: Okay. That's part of the issue, Chair. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you and most of the questions, again, were asked. When you're at the end there's not much to be said. Although I will say this, disappoint, very much so. And I understand that according to your boss, he indicated that it was an accidental double booking. Okay. So that what really occurred is that this was being double booked and that's why we thought we had this much when technically we only had a negative balance.

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: Thank you, Councilmember. Essentially, I think there was a miscommunication between Finance and Budget, because Finance prepares the report but Budget uses those reports so it's one amount, the amount that Budget Office used to estimate the revenue was based off of a report which was essentially had transfers in that shouldn't have been accounted for.

COUNCILMEMBER VICTORINO: Right.

MS. SATO: So whether we...so my suggestion is that we have to work with the Department of Finance to make sure that those numbers are correct.

COUNCILMEMBER VICTORINO: So Department of Finance basically sets the reports and forwards them to you?

MS. SATO: Those are the reports that we get from IFAS, correct.

COUNCILMEMBER VICTORINO: Yeah, IFAS is prepared by the Department of Finance.

MS. SATO: Yes, that is correct.

COUNCILMEMBER VICTORINO: Okay. And Department of Finance, you collect all the monies from all these special funds that brought in to you and then you prepare that for the various departments, am I correct?

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MR. WALKER: Correct.

COUNCILMEMBER VICTORINO: Okay. So with that being said then, I would be like Ms. Cochran worried that there's something else out there. And I know, Mr. Chair, with your leadership you're gonna make sure that that's corrected. Bottom line in all of this, it's embarrassing 'cause if I did that in my own household account there would be no forgiving, and there's no extra money in the checking account somewhere else. It's either I'm out, done. 'Cause luckily I have the best accountant in the world, my wife, so she never let that happen to me. But being said this is where you guys should be really accounting, Finance Department. You guys get these great treasury reports, you give us all these monies we're making, all the extra, you know, returns, but then you let something like this happen, that's not good. So, Mr. Chair, enough with the pontifications, I think I've said enough. Thank you, Chair.

CHAIR HOKAMA: Thank you, Mr. Victorino. Members, any other questions you would like to present or consider? Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, thank you. Was this from you, yes, this FY '17, Highway Beautification Fund? I don't see a number on this, sorry, 4/26 dated --

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: --and it's showing revenues estimated. So this...can you kind of go through this? Is this telling us that all the negatives, the parentheses numbers are in the whole, these figures?

CHAIR HOKAMA: Oh, one second.

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: Ms. Cochran, is, does that say Fiscal Year '17 Highway Beautification Fund at the top?

CHAIR HOKAMA: That's the one, Ms. Sato.

COUNCILMEMBER COCHRAN: Yes.

MS. SATO: Okay. Yes, that is a revised schedule of the anticipated Fiscal Year '17 revenues based on actuals and also being a little bit conservative. The Fiscal Year '17 Highway estimated, Highway Beautification Fund estimated expenditures are based on the provisos that were included in the Mayor's Proposed Budget adjusted for an overage in the street tree trimming. But essentially in the third column, the Fiscal Year '17 expenditures for the Highway Beautification Fund, we're estimating that \$346,618 will need to be funded by Public Works and \$696,705 to be funded by the Solid Waste

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Fund. This has been revised but in, just to give you an overview. Currently with their operations, that is what we would need because the revenues were so short over the years.

COUNCILMEMBER COCHRAN: Okay. I mean, not okay, but so, Chair, this really throws...

MS. SATO: This also is not included in the Fiscal Year Budget currently --

COUNCILMEMBER COCHRAN: Right. And that's...

MS. SATO: --and that's a big concern.

COUNCILMEMBER COCHRAN: Right. Thank you, Ms. Sato. And, Chair, that's what I was going to lead into is that this really throws a lot of wrenches into what we all stayed up late figuring and I know you kept going, wait 'til tomorrow, wait 'til tomorrow so we gotta revisit.

CHAIR HOKAMA: I wanted you guys to understand what's happening to the fund so later on today when we go back to the '17 considerations, hopefully this will help you make a better decision because...

MS. SATO: Chair?

CHAIR HOKAMA: Yes, Ms. Sato?

MS. SATO: And we do have representatives from Solid Waste and that Division specifically to address those questions and concerns that they have as well.

COUNCILMEMBER COCHRAN: Okay. Yeah, Chair, thank you.

CHAIR HOKAMA: So...Mr. Couch, you have something you want to ask at this time? Oh, okay. I just...your Chair will just say this at this time, we have a problem, this Committee is gonna help present a proposal to Council to resolve the problem, the current problem which is the funding. Obviously, what Council needs in its exhibits especially regarding the revolving fund is balances that are available for appropriation, that's what we need to know. What is available for us to use? And so one of the things that I'm gonna suggest to you as part of this consideration and I'm open to, you know, we gotta the Department, you know, we have things to perform and so the Chair is, I'm gonna work with you, Members, to find a solution. But I'm also gonna say that or I'm going to ask you as we go through back this afternoon to increase funding in the Professional Services account whereby through the County Auditor, we are going to require them to start auditing all of these things including special funds as part of...and then also as it helps impact the CAFR. My concern is again, what we also have to book in the upcoming GASB requirements and your Chair will not tolerate incorrect numbers being placed in those financial reports. So we're gonna find a way but I'm telling you upfront already, I'm gonna ask you to put more money for the Auditor to be able to audit additional things 'cause this is not, as I understand

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currently, something the auditor looks at, this revolving funds, the special funds. It's time. Because I also told you I'm uncomfortable with the numbers shown for the affordable housing and that's why I'm reluctant with Hale Mahaolu's request that there's sufficient money in the pot to really take, look at the amendment 'cause I'm nervous now. What is the actual balances available for funding that we've been given? I don't trust these numbers now. So we have a predicament but we'll deal with that at 1:00 p.m. For this one though, I understand what you said, Ms. Sato, you know, we're gonna delay certain bookings, we're gonna do the transfers, and at the end of the day on the ledger it'll all come out okay. I'm just concerned that the safety net that Finance or Budget will utilize and, I think, Mr. White used the word blocks or flaggings of accounts or whatnot that indicates that something's happening, we need to pay attention, has failed us in preventing this situation. So do you think it's a system issue, Mr. Walker? Is this, you think, maybe just, you know, things happen. I understand, things happen with employees and sometimes it's, you know, unintended, but is this a structural thing or is this, you know, maybe a combination personnel, you know, the person had a bad day, something interrupted the concentrate?

MR. WALKER: My understanding, Chair, thank you for the question. Is as Marci indicated, I think it was a communication breakdown for whatever reason 'cause this, I think, occurred originally maybe three years ago, four years ago, something like that, and it just, it kept going, there wasn't a problem. No one, you don't, I guess, you don't sometimes know you have a problem until it, something happens and so we were just rolling along. Now we are...we have met with Budget on this, we will meet again, we'll make sure that we put the proper things in place to make sure this doesn't occur again so that we're protected from this type of situation.

CHAIR HOKAMA: Well I would ask that you look at something system-wide, Mr. Walker, 'cause this is not just the only program where we have concerns with. So you might want to review the whole thing so that all departments get notified in advanced to make appropriate adjustments while they have time, because I really don't need all these Budget amendments. When I'm thinking administratively, they had time to make those adjustments within their authority.

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: If I might add, IFAS does have the ability and have blocks in place, so it's just something with the special revolving funds where we would have to take a look at again and revisit the way that it's structured.

CHAIR HOKAMA: Okay. So, Members, we have Mr. Goode, he's been patient. Do you need him to come and answer any questions you have? Because if not, the Director has other responsibilities.

COUNCILMEMBER VICTORINO: No. Yeah, I think we good.

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CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Sorry, Chair, not really but I didn't quite write down the new numbers that Ms. Sato spouted out in regards to certain departments are going to have make up the difference at this time. And so for those departments currently, they have this? I guess, she's saying this is where it's coming from. So how is...and there's some big numbers. How is it that they have this sitting around in order to accommodate this just happened practically overnight situation?

CHAIR HOKAMA: Ms. Sato, can you respond to Ms. Cochran, please?

MS. SATO: Yes. So they...we had consulted with Mr. Goode from Public Works. They had \$400,000 available from their street light program, I believe, to be able to...street light program in savings so they were able fund...

COUNCILMEMBER COCHRAN: Okay.

MS. SATO: To be able to fund this money.

COUNCILMEMBER COCHRAN: And I think...

MS. SATO: And then another 100,000 is coming from Solid Waste operations.

COUNCILMEMBER COCHRAN: Hundred thousand?

MS. SATO: Yes. The remaining 232,000 is the existing fund balance as of June 30, 2015.

COUNCILMEMBER COCHRAN: And Solid Waste, you know where that, they found this 100,000?

MS. SATO: I believe it is in their EP&S operations.

COUNCILMEMBER COCHRAN: Okay. Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay. Any other questions, Members? Okay, Ms. Sato, in your response to Ms. Cochran, I'm trying to find in the submittal from Mr. Baz on the ordinance that component you just mentioned on you got in the transfer.

MS. SATO: Chair?

CHAIR HOKAMA: Yes, Ms. Sato?

MS. SATO: Because EP&S handles portions of it already in their budget, we were just going to do a reclassification of existing expenditures.

CHAIR HOKAMA: Reclassification from an expenditure. Mr. Ueoka, hasn't Mr. Baz done this by resolution in the past? Anyway, Ms. Sato, tell us since there's multiple

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departments, not just Mr. Walker, what control, if any, does Director Goode through Public Works have regarding what's happening with those fund balances in those accounts? Does he just have a review responsibility? Can he access and charge against the accounts from his Department?

MS. SATO: Chair, my understanding is that currently Director Goode has no, the Department does not have use for those funds currently.

CHAIR HOKAMA: Okay. Does Parks have anything to do, have access, or anything to do with the funds in this accounts?

MS. SATO: My understanding is that the street tree program originally was in Parks, the Department of Parks and Recreation and, I believe, a few years ago, I'm not sure, that it may, was moved to the Highway Beautification Fund.

CHAIR HOKAMA: Okay. So the Parks already has some access to the account and the money or...

MS. SATO: Not currently, since it was moved to the Highway Beautification Fund.

CHAIR HOKAMA: Okay. So most of this is under the Department of Environmental Management?

MS. SATO: Correct, most of the expenditures come from DEM.

CHAIR HOKAMA: Okay. Members, we have representatives from DEM. Anyone needs resource from that Department? Okay. Anyone needs Mr. Goode? Okay. Mr. Goode, thank you for your patience and being available. We thank you. Okay, Members, are you clear on what Ms. Sato is proposing to you to deal with this deficit, this negative? Okay. Any objections to the Chair's request to one, look at the, recommend that the auditors look at reviewing this accounts and making part of it their audit scope?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. Very good. Let's see. Okay. Members, if you want we'll have, you can have more discussion at the 1 o'clock meeting when we hit the program area. Again if you have additional concerns of the fund in general, but other than that --

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: --I know you not happy about it, but your Chair's gonna recommend...

COUNCILMEMBER VICTORINO: Go ahead.

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR HOKAMA: Yes. I'm sorry.

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COUNCILMEMBER COCHRAN: Sorry, I...

CHAIR HOKAMA: Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Well you can call for the...I can have discussion in the middle after the motion, if you want, but I had a question.

CHAIR HOKAMA: No, please present. I'm sorry.

COUNCILMEMBER COCHRAN: Oh, okay. I just pulled up just Environmental Management and when she said they'll just reclassify and you had a question, is that the same concept as the interfund cost reclassification? I'm looking at different items, this is just Wastewater, just for example, and there's funds here that are being paid for Social Security, retirement, EUTF, whatever, and it says...so it's interfund meaning within the department or from, I don't know, and you're just reclassifying it to pay for these cost items?

CHAIR HOKAMA: We'll ask Ms. Sato how they plan to do the actual transactions.

COUNCILMEMBER COCHRAN: The reclassification term you used.

MS. SATO: Chair?

CHAIR HOKAMA: Of the Fund.

MS. SATO: Oh yes, those are not the interfund reclassifications, no. This would be just recertifying a contract to Solid Waste operation money instead of the Highway Beautification Fund.

COUNCILMEMBER COCHRAN: Okay. And, I guess, your question, Chair, was normally that comes...does it normally come through us?

CHAIR HOKAMA: I thought that would have been one resolution consideration but I'm not...

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: That's why I've asked Mr. Ueoka to follow up on.

MR. UEOKA: Mr. Chair?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: I don't believe it's actually a transfer within the...it's all within the same program. It's not leaving the program. Usually when we transfer from program to program, we do a reso but if it's all within the same, we usually don't. Thank you, Chair.

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CHAIR HOKAMA: Okay. Thank you for that. Anything else, Ms. Cochran? Okay. Thank you. Chair's gonna recommend to you a motion to push to Council a recommendation, A Bill for an Ordinance Amending the Fiscal Year 2016 Budget for the County of Maui as it Pertains to the Department of Public Works, Highways Administration Program - Highway Fund, Road, Bridge, and Drainage Maintenance Program - Highway Fund; to be passed first reading, be ordered to print.

VICE-CHAIR WHITE: So moved, Chair.

CHAIR HOKAMA: Do we have anything to file?

COUNCILMEMBER COCHRAN: Second.

CHAIR HOKAMA: No, yeah? Okay. We have a motion made by Mr. White, seconded by Ms. Cochran. Members, with no objections this will also allow the Staff to make any nonsubstantive changes to the ordinance for format.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS (excused: MV).

CHAIR HOKAMA: No objections, thank you. Any further discussion, Members? Except we will would like to never see another amendment like this again. All in favor, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed, say "no." Motion passes with eight "ayes," one excused, Mr. Victorino.

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, and Guzman.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Victorino.

MOTION CARRIED.

ACTION: Recommending FIRST READING of bill.

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CHAIR HOKAMA: Mr. Walker, thank you very much for your presence.

ITEM 38(56): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET
(DEPARTMENT OF FIRE AND PUBLIC SAFETY, PROJECTED
PREMIUM PAY AND OPERATIONAL SHORTFALLS) (CC 15-164)

CHAIR HOKAMA: We have one more item for this morning, Members. May I direct you to BF-38(56). This is also an amendment to the Fiscal Year 2016 Budget. This is for the Department of Fire, projected premium pay and operational shortfalls. We have a proposal from Mr. Baz, dated April 22, 2016. Budget ordinance pertaining to Estimated Revenues; Department of Fire and Public Safety; total operating appropriations; total appropriations (operating and Capital Improvement Projects). So the purpose of the bill, Members, is for the following: 1, increasing Carryover/Savings from the General Fund by \$1.5 million; decreasing the appropriation under the Department of Fire and Public Safety, Admin/Maintenance Program by \$130,000; decreasing the appropriation under the Department of Fire and Public Safety, Training Program by \$175,000; decreasing the appropriation under the Department of Fire and Public Safety, Fire Prevention Program by \$95,000; and increasing the appropriation under the Department of Fire and Public Safety, Fire/Rescue Operation Programs by adding \$1.9 million, because of projected premium pay and operational shortfalls. They also have a certification of additional revenues dated April 22nd for \$1.5 million in Carryover/Savings from the General Fund. So saying that, I will ask Ms. Sato if she has anything she would like to give comment at this time.

MS. SATO: Thank you, Chair. The Budget Office did review the Department's request and did trim it down significantly. This is what the Department still feels will be their operational shortfall for this fiscal year. We have Deputy Chief Robert Shimada and Business Administrator Cindy Kagoshima, to answer any questions that you may have. Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Can you tell us since we're already in budget for the new year, Ms. Sato, first before I have Members present questions, where this 1.5 Carryover came from?

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

MS. SATO: Thank you. The Carryover/Savings came from two previously proposed Budget amendments. One for the Department of Housing and Human Concerns for the Homeless Program, and one for the clerk increases that we expect not to be approved this year.

CHAIR HOKAMA: Okay. So the repricing amendment has been withdrawn and the one for Housing under homeless has been withdrawn?

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MS. SATO: Correct.

CHAIR HOKAMA: Okay. And that is how we have the \$1.5 million cash. Okay. Thank you for that information to help us understand where the money's coming from.

COUNCILMEMBER VICTORINO: Chair?

CHAIR HOKAMA: I'm gonna ask Mr. Victorino.

COUNCILMEMBER VICTORINO: Okay. Thank you and, I guess, you can go right down the line again. Couple of things, Mr. Shimada, thank you for being here. First of all, this increase is in premium pay for the various events that have occurred over the last three or four months, the major fires and other related incidents that Maui County has occurred?

MR. SHIMADA: Yes, it's not limited to just the incidents. We based our estimates for FY '16 on previous year actuals, and we also included the step movements and that's how we came up with the figure for what we needed. We did not get what we asked for and I cannot say that, you know, 100 percent of it is attributed to the incidents that we've been having, you know, there's a variety of reasons. There's daily shortages to manpower that we gotta deal with and a good portion goes to supplement our training. You know, part of it is due to that fire, it did cost us a lot of money but that's just a portion of it. So I hope I can answer any questions that the Councilmembers have in regards to the details as to what those other costs were.

COUNCILMEMBER VICTORINO: It says here, Mr. Shimada, that your training program, you're increasing it by 175,000, okay. I mean, your total here was looking at 1,900,000, Chair, is that what we're looking for?

CHAIR HOKAMA: Yes.

COUNCILMEMBER VICTORINO: Okay. Thank you. And so and I see all these different figures and I understand that they're items, but if I put all those together I still think the vast majority goes back to your Fire and Safety operations. So just real quickly so the public understands, of this 1.9 million, how much was for the major events that occurred and how much went to the others like step movement and all of those? What kinda...give me a ballpark figure on the percentages. I think the public wants to know.

MR. SHIMADA: I'll have Cindy share those figures...

COUNCILMEMBER VICTORINO: If you'll allow that, Mr. Chair?

CHAIR HOKAMA: Okay. Please proceed.

MS. KAGOSHIMA: Well we don't have...I don't have it broken down right now --

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COUNCILMEMBER VICTORINO: Okay.

MS. KAGOSHIMA: --but if you want that information then we can give it to you in writing.

COUNCILMEMBER VICTORINO: I think that's important, Mr. Chair. And I think we should have that breakdown. I'm disappointed the Department didn't come with that, but, you know, we need these so that the public understands what step movements mean and how much went to that, the shifts, you know, covering shifts, all of these different issues. I can handle and I can understand the premium pay for emergencies such as the fire out in South Maui and all these, I can understand that. But, I guess, the rest we need to know and again we've been catching a lot of surprises by these step movements that all coming at the end of this contractual year. I think we saw that other department, right, Mr. Chair, that we've had this same scenario. So I guess, I just want to know the breakdown because I think the public and I would like to know what that specific numbers are. So I'll await that, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you.

COUNCILMEMBER VICTORINO: Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any questions for Fire? Ms. Baisa?

COUNCILMEMBER BAISA: No, specific questions, Chair, but it's kind of a sobering thing to realize that we could be this far off and we need to think about it when we finish this evening. Thank you.

CHAIR HOKAMA: Thank you for your comment. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And the 1.5, recertification of 1.5, miss, wait was it Ms. Sato --

CHAIR HOKAMA: Ms. Sato.

COUNCILMEMBER COCHRAN: --that mentioned money coming from the Homeless Program and a clerk that probably won't get funded this year you're saying?

MS. SATO: Chair?

CHAIR HOKAMA: The Mayor sent us two amendments to consider, it was a Budget amendment that he had proposed that will use some cash for the purchase, I believe, was for homeless, some kind of shelters --

COUNCILMEMBER COCHRAN: Oh, the modules.

CHAIR HOKAMA: --or, yeah, modules.

COUNCILMEMBER COCHRAN: Yeah. Okay.

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CHAIR HOKAMA: The other that he sent to us was an amendment certifying additional dollars regarding Unit 3's repricing adjustments for clerks, okay. And that's the one the Chair mentioned that, you know, I felt was deficient that the Mayor didn't send additional, in your Chair's opinion, other additional required documents to have this thing be ready for posting. What the Mayor has done is decertify those dollars and recertify those same amount of dollars for the purpose of Fire's needs for today's meeting and that's how you got your 1.5 million Carryover.

COUNCILMEMBER COCHRAN: Okay. Yeah, just important to know what we forgo in order to find the monies to --

CHAIR HOKAMA: But, yeah, that was --

COUNCILMEMBER COCHRAN: --expend.

CHAIR HOKAMA: --difficult choices for them, I'm sure, but that's how they came up with the cash.

COUNCILMEMBER COCHRAN: Okay. And, yeah, this is a big price tag to be, have a shortfall in this point in the year, I guess, but it is what it is, Chair, and, you know, thank you for having it here and we need to address it. Thank you.

CHAIR HOKAMA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I have a lot of questions but, I think, I'm guessing Chair White will be able to ask the same questions I want to ask and he can do it a lot better.

CHAIR HOKAMA: No, he's channeling you to ask it.

VICE-CHAIR WHITE: I'm happy to --

COUNCILMEMBER COUCH: Oh no, I'm good.

VICE-CHAIR WHITE: --have Mr. Couch ask.

COUNCILMEMBER COUCH: I'm good. Thank you.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: To Ms. Sato, can you give me the amount again that, for the decertifying of the Unit 3 clerks and what that total amount is it coming out from?

MS. SATO: Chair?

CHAIR HOKAMA: Ms. Sato?

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MS. SATO: Ms. Councilwoman, for the homeless initiative the amount that was previously proposed was \$1,255,582 and then the clerk increases, the repricing, that was \$367,991 of which we asked the Department of Finance to certify 1.5 million.

COUNCILMEMBER CRIVELLO: Okay. A question for Chief. So, Chief, when you mentioned that the, your Fiscal '16 request was not ____ you did not get your full request, can you tell me about how much you originally requested and what did you...what was your...what did you end up with?

MR. SHIMADA: Okay. I'll have Cindy answer that question.

COUNCILMEMBER CRIVELLO: Thank you.

MS. SATO: Chair?

CHAIR HOKAMA: Please proceed.

MS SATO: Are you looking just for premium pay or for...

COUNCILMEMBER CRIVELLO: In this, saying what they're asking for.

MS. SATO: I know for premium pay in 2015, their budget, Council Adopted Budget for premium pay was \$3,329,499. In 2016, the Council adopted premium pay was \$1,945,000.

COUNCILMEMBER CRIVELLO: What was their original request?

MS. KAGOSHIMA: For which year?

COUNCILMEMBER CRIVELLO: Sixteen.

MS. KAGOSHIMA: Do you want it by program? I have it broken down...

COUNCILMEMBER CRIVELLO: Let's go with your premium pay.

MS. KAGOSHIMA: I have it broken down by program. For operations, let's see, for our Operations Program for premium pay requested was \$4,238,624 and what we received was 1,945,000.

COUNCILMEMBER CRIVELLO: Okay. That's sufficient, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. After we arrived at the budget last year, what adjustments were made to your operations to account for the cash that we had put in the budget for the Department?

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CHAIR HOKAMA: Chief?

MR. SHIMADA: We basically, you know, had to continue doing business, you know, obviously there's certain things we cannot get around like staffing shortages on a daily basis. You know, we've cut out some of the training, there's certain things that we had to forgo that we wanted to continue doing but we just had to make the decision to cut it out. You know, that's about it. You know, I mean like daily shortages there's absolutely no way around that. We do have some contractual obligations that, you know, I feel there's no way around that either. So to answer your question, we did cut some of the training that we had planned on doing, and when it comes to training we have one captain, three Fire Fighter IIIs and one clerk to handle training for all 300-plus employees. Now that's quite a task and how we supplement that is with some of the personnel that we send away to classes to get trained and we bring 'em back. And it's basically a train the trainer class, so instead of flying in some of these instructors too, you know, we found that, you know, it's more cost effective to send a few of our personnel away to the mainland and have them bring back what they learned and they in turn train our personnel.

VICE-CHAIR WHITE: And what would you say that if you could estimate what those amounts of cuts amounted to?

MR. SHIMADA: I have no idea but we can certainly put something together in writing and get that to you.

VICE-CHAIR WHITE: Okay. And I would also appreciate the information that Mr. Victorino mentioned about what was spent on the most recent --

MR. SHIMADA: Yes, sir.

VICE-CHAIR WHITE: --long-term fires. One of the concerns that I have is that the, we asked last year for the actual payrolls for each department and last year we were told we couldn't have them. This year we did receive them and so we went through and did a comparison of the budgeted payrolls for each department and the actual payroll cost based on...and the numbers that we got were based on, I believe, March 31st payrolls. So they're up-to-date numbers with all the step, all the across-the-board increases and the step increases up to that date and then that was annualized going forward so that's a, what I believe is a pretty full figure. So many of the departments, both totals matched, some were a little bit off, some more than others. In the case of the Fire Department, the differential between what was in the budget and what is the actual payroll number is off by about \$1½ million. Can you give us an idea how that can be justified?

CHAIR HOKAMA: Chief? Department?

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MS. KAGOSHIMA: Basically the biggest difference is between what we budgeted a position at is at a higher rate than the person actually coming in to fill the position through a promotion or transfer. So there's a difference in the step of each position.

VICE-CHAIR WHITE: Yeah. The only concern I have with that explanation is that there were a large number of positions in which the differential was over \$20,000. In some cases, Chair, I think it was up to around 26,000 or \$27,000 and that's not a step, that's seemingly a significant overstatement on a position that's filled. And...

MS. KAGOSHIMA: Yeah. It could be several step difference between a captain that would say retires at the highest step and then it gets promoted with a younger captain who would be promoted at a lower step.

VICE-CHAIR WHITE: So what you're saying is that you don't adjust your budget if somebody retires and is replaced by a lower paid person?

MS. KAGOSHIMA: Well we don't adjust the budget within the year. When we submit a budget, it's...we look at the personnel that's there at that time but then during the year it changes.

VICE-CHAIR WHITE: Yeah. The changes don't seem to concur with, you know, with the explanation. We've got, you know, \$1½ million that you're saying you need for this, you know, this budget and yet the expense isn't there. You know, I don't know how it works in all departments, but I know if I was to present numbers that were that far off in my situation I'd be asked some very harsh questions. And I, you know, I have...I'm sure there are some things that may be justified but the differences are just a little too large to be comfortable with the explanation. The concern that I have is that with that kind of a differential, the IFAS, what is shown in IFAS is what the budgeted amount is, right? But what we don't know is that that budgeted amount in IFAS actually includes \$1½ million that you're not required to spend on anybody, which leaves that amount open for covering premium pay, covering, you know, a variety of other things. And I think it's important for us to know what that differential is as we're budgeting, because the other departments are, you know, they have the same replacement, they have the same steps, they have the same kinds of challenges balancing it out, but their numbers are real close. And so I don't know what other explanation you can offer.

MS. KAGOSHIMA: Well I can't speak for the other departments but for our Department the way the stations are staffed; we can have several transfers from one station to another over the year. So that's part of the reason in the differences.

VICE-CHAIR WHITE: Okay. The reason I bring this up is that during, if you...well we pulled up back in December, we wanted to look at how you guys were doing. So we pulled up the IFAS reports on payroll, which includes the premium pay. At that point, as a Department, you were at about 48½ percent, and so I thought, okay, well they're pretty close. But when I later, just couple weeks ago found out that you've got that \$1½ million buffer that means that if you were at 48 percent with that extra million

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and a half that you were much further along in your spending. So I'm a little concerned that the Department's not taking the budget as seriously as we, I think, we are able to expect. So I'll let others ask questions. I have a couple more, Chair.

CHAIR HOKAMA: Thank you. Mr. Guzman, sir, questions?

COUNCILMEMBER GUZMAN: No. I'm trying to follow what Chair White has presented. I probably would like to see some of his data that he has on his desk. But yeah, I'm still trying to follow his train of thought. So thank you.

CHAIR HOKAMA: When you look at the details, Members, and you look at, if you want to look at Fire, look at Police, when you look at the recruiting and whatnot where they put the, what level steps, they start the entry levels and whatnot. So if you follow as I follow Mr. White's train of thought as he shared it with the Committee this morning, I think I'm making my own understanding of his comment. I believe the problem is for him and for me now, now that I'm adding it up, this is more than just the issue of the 1.5 he's talking about. When you add the 1.9 this is actually a \$3.4 million problem. That's the size of this problem. Not 1.9, not 1.5, you gotta add that 2. The 1.9 is what was in the budget, they used that, that they had some discretion I would say, now they coming in for another 1.9. So for me this is a \$3½ million decision actually and part of how you're gonna decide this should impact how you look at the '17 numbers. But I understand the request from Mr. White and Mr. Victorino. Other additional questions? Yes, Mr. White?

VICE-CHAIR WHITE: Actually, if I could just clarify. You know, Ms. Kagoshima's explanation, I would be much more comfortable with it if on the report we saw pluses and minuses of, you know, significant numbers or whatever the numbers were. But the only thing we saw, I think, maybe I saw, you know, one or two, maybe, not more than five minuses, all the rest of them were significant pluses. So that's, you know, that's what makes up the \$1.5 million. So if it was due to transfers and things within the Department there would be if you're taking this person to putting them over here, that salary's gonna go over there so this side's gonna be a plus this side's gonna be a minus depending on who fills the position. But there's no balance in the pluses or minuses, and the pluses...after taking out the minuses, the pluses are still a \$1½ million. So, you know, I'm...I was, well I guess shocked when I saw the number, and I think it's something that we have to get to the bottom of. And so anyway, I just wanted to clarify that the explanation doesn't quite hold up for me.

CHAIR HOKAMA: Thank you. Mr. Guzman, do you have a question, Mr. Guzman?

COUNCILMEMBER GUZMAN: No. I don't.

CHAIR HOKAMA: Okay. Members, any other ones, question for either the Chief or Ms. Kagoshima? Ms. Cochran?

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COUNCILMEMBER COCHRAN: Chair, overall is there a threat to our, like, bond rating and the overall general sense of what our standing is as a County due to just these couple examples that we're addressing here this morning?

CHAIR HOKAMA: I would say be more of a problem if we didn't address it and we didn't resolve it. It, I mean, you know, rating agencies accountants know that, you know, every now and then you do have your snafus in process and whatnot. I think for us it's just how far this got to this degree seven digits. If anything should be our concern, but it should not at the end of the day when we close our books sometime in the first quarter of next year for this year, I would think that we would pass muster. 'Cause one of the key indicators the auditors will also look...not the auditors, the bond raters, will be the CAFR, comments of the CAFR, and what our independent auditor report is in his findings and his management summary to us. Those are the bigger factors that this one what I call, once in a blue moon, purple moon type of situation...well I'm hoping that this is once in a purple moon situation.

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Yes, ma'am?

COUNCILMEMBER COCHRAN: Thank you. And so thank you for bringing up the Auditor again. This is just not an area they look at? I mean, I know the revolving fund issue was stated, nobody just kind of really looks at it so it kinda compile on itself and...

CHAIR HOKAMA: And again, yeah, you know, if you check too like Mr. White did check, depending upon one snapshot of time you looking at, when you look at the December report, they're pretty on track with the percentages remaining, how much they spent, it looked like they had a good handle on it, okay. We understand, Fire, Police, any first responder has that unanticipated event when we don't know how much money they gonna expend but even with that we try to forecast a reasonable amount of premium pay so we didn't give the Department the whole amount. But now that we know that they budget in salaries with a padding, you know, part of the adjustments we made I would say is very justified. So for me, Members, I'm just disappointed that I don't know what it is, I mean, now with this this is more than one department that we dealing with this kind, so I don't know if it's really part of a system issue. You know, maybe for one you could say the employee had a bad day, fell through the cracks, you know, we took care of it 'cause now there's another set of eyes that looks at when departments come up with this kind of big negatives. When a department makes me nervous of trying to process payroll with deficits, we need to do our part and make corrective recommendations or hire third parties to make an assessment for us to see where we gotta adjust, and then ask the departments for a consideration of implementation of those adjustments. But we're not there yet because we gotta do a whole lot of due diligence and discussions with the department itself. But I share your concern, Ms. Cochran, but the good thing is we have caught this before it goes, we going to a bond float 'cause I don't know how Mr. Ueoka and his friends are gonna explain all of this if we were going for a bond float at this point in time. Questions for Chief, Ms. Sato, Mr. Ueoka, Members? Mr. White?

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VICE-CHAIR WHITE: Chair, I have the Details here and there are out of the 300 or so comparisons, 8 of them are down and I don't, I haven't gotten through the whole thing to count how many are flat. But I would guess my recollection is that there were about 90 that were flat and the remaining 200-and-something were up, so the ratio of ups to downs is 8 to somewhere in the neighborhood of 210-220. So that tells me that the explanation provided does not hold much water for me. My other concern is that the payroll per period for this past month is about 1,055,000. They have a remaining balance through the end of the year of 4.8 million, which means that they're only short 431,000 in that to cover payroll through the end of the year. In their B Accounts, their average spend is 350,000 a month and they've got 2 months to go and they've got 791,000. So that tells me they're pretty close on the B Accounts and I realize there's some shifts in various accounts, but and then their C Account has a remaining balance of 78 percent or 544,000. So I don't see numbers that tell me they need the full amount of the 1.5 after they make adjustments so I, and I, you know, the Chief the other day said we can run it with 4 per company and I know we've talked about that in the past. I would, you know, I'm concerned enough about the lack of fiscal management or clarity, whatever you want to call it that, I think, it's incumbent upon us to ask them to go back and take a serious look at their operations. And if they can run with four for the remainder of the year then come back to us and help us understand what exactly can be saved between now and the end of the year. Take a look at your B Accounts, purchases that may be able to be put off for a while, and look at the C Accounts the same way, and take some responsibility for following the budget that we've provided. Because I think we have the right to expect them to follow budgets and to come in with a better, you know, a better presentation than just waiting 'til the end of the fiscal year and expecting us to reach into our pockets and cancel other things that are, you know, waiting for funding in order to cover these. So I'm not ready to make a decision on this. I'd like the Department to do some homework and come back to us with a presentation as to how they may be able to make up some of the difference so that we're not making a complete budget amendment or at the amount requested.

CHAIR HOKAMA: Okay. Thank you. Other questions?

MS. KAGOSHIMA: Chair, if I can make a comment on the balances?

CHAIR HOKAMA: Oh yeah, I'll recognize the Department. Any other questions or comments by the Members at this time? If not, yeah, Department, please.

MS. KAGOSHIMA: As far as the C Account balance, the bulk of that balance is for our, the personal protective equipment, the turnouts that we just received a bid on so we will be spending the C Account money. And as for the B Account spending, we have had an absence of our purchasing technician since June of last year so a lot of the purchases that she would have made have been put off and we've exhausted our warehouse stock so we are now trying to catch up and replenish that stock. So we do need the B Account funding for those purchases.

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VICE-CHAIR WHITE: Okay. I would still appreciate an accounting of what it is that they have not yet purchased and then take a look at what they can do in the A Account as well.

CHAIR HOKAMA: Okay. This is what your Chair is gonna propose at this time, Members. We have request from both Mr. White/Mr. Victorino for additional information from the Department. I'm going to forward the request of those two Committee Members. I will give Department some time to be able to respond, so with this item, Members, your Chair is going to have it deferred. We're going to...my plan is to recess this meeting until Monday morning, 9:00 a.m. where we'll take it up and make a decision and then we have a scheduled agenda'd 10:00 a.m. for the continued '17 Budget process. So I'm gonna...that's how your Chair's gonna address this, allow Department time to respond and then with the new information I'll ask you on Monday morning then we can see if we can get the decision made then before the 10 o'clock meeting. Any questions for your Chair?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: No objections, Members?

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: It jogged my memory when she mentioned turnouts and I believe Mr. White saw they got a lower bid than the monies we gave them. So did they purchase any more? Because they came and with, you know, we gave them this x amount of dollars at a higher rate but yet the bid, so if...

CHAIR HOKAMA: We can ask Ms. Kagoshima that question. If she has information about...

COUNCILMEMBER COCHRAN: Or she can put it into this report they're gonna give us --

CHAIR HOKAMA: Either way, yeah. Chief, --

COUNCILMEMBER COCHRAN: --on Monday.

CHAIR HOKAMA: --we leave it to you if you wanna respond now or you wanna put it as part of the report of ...(inaudible)...

MR. SHIMADA: Yeah, I'll be happy to answer that question, Chair.

CHAIR HOKAMA: Okay. Chief, if you would.

MR. SHIMADA: We did receive the bid results. Bid opening was on April 5th, during that time I took a look at the bid specs, I personally took a look at it and the lowest bidder did not meet the bid specifications. Now specifically to the outer shell, this material

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that we specified is available to every garment manufacture and why they chose not to bid that particular material, I don't know, you know, but it is readily available and, you know, that's the reason why the bid was lower. I did write a letter to purchasing agent Greg King dated 4/8, and what I'm basically doing is asking him to disqualify that low bidder because it doesn't not comply with our bid spec. So I know Chair White has the bid results, he gets cc'd on everything, and if you look at that bid price, the actual amount that we're going to need is \$303,600 and I think you'll be happy to know that that's actually about \$220 cheaper than what we're currently spending on our turnouts. So we did do our due diligence, we ran this through the R&D process and that's how we came out with that desired material for the garment and we can do whatever you guys want us to do with that extra money. We did spend \$18,736 by purchasing 8 sets that we needed immediately so that was factored at the higher price of \$2,342.11 per set. After we minus that, take that away, and also take away the winning bidder's amount of \$303,600 that leaves us with a balance of \$77,263.12 and we can do whatever you guys want us to do. We could purchase some of the FY '17's requests of turnouts and we should be able to purchase an additional 38 sets out of the 150 that we're asking you for or we could return the money and ask for it again in FY '17. Yeah. I'll take any questions that you may have.

CHAIR HOKAMA: Chief, thank you, we appreciate your response, so thank you. Mr. White?

VICE-CHAIR WHITE: Yeah, you know, we want to make sure you guys have all the equipment you need and that's, you know, that's...I have no issue with what you guys want to, you know, want to do from that perspective. My issue has always been...and I see our payroll expenses expanding really, really rapidly and so I, you know, I think you guys do a great job. I think all of us really appreciate the professionalism that you guys show along with the Police and, you know, that for me is something that we can all be very proud of. So I hope you understand that my issue is just I think we can schedule differently. I think we can manage a little bit more closely the A Account expenditures and that's really my issue and we want to make damn sure you've got the equipment and the supplies your need to do your job properly because we --

MR. SHIMADA: Thank you for that.

VICE-CHAIR WHITE: --appreciate it. Thank you. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, and I want to ask this question, this material that was inferior with the first bidder, the lowest bidder, and you said it's available to everybody, so that's fine, but what I'm saying is, is this what are going to protect our men and women when they're out there doing their job? 'Cause I've always wanted to make sure first and foremost we get the best equipment at the best price but I will never want to see any inferior equipment, uniforms, whatever going out there and putting our people in harm's way so that's my question to you, Chief.

MR. SHIMADA: Chair?

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CHAIR HOKAMA: Chief?

MR. SHIMADA: That's a good question, Mr. Victorino. This particular shell that we specified has the ability to wick the moisture through the outer shell and that's the biggest threat to our firefighters is when you get into an enclosed building that's burning you end up steaming yourself and if there's nowhere for that moisture to wick out then you'd basically become a manapua, you know.

COUNCILMEMBER VICTORINO: Not a good thing to think about right now just before lunch.

MR. SHIMADA: So we did do our homework and we found that this is probably the best outer shell that's available, and I'm really glad that it's actually cheaper than what we were purchasing.

COUNCILMEMBER VICTORINO: Then I'm satisfied, Chief, and that's my, always been and will always be my take on this. I don't mind spending money to make sure that our men and women in all departments in emergency services have the best capable equipment to do their job and not put in harm's way. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you, Chief, for your explanation. So you, I guess, you have around 77,000 overage for turnouts --

MR. SHIMADA: Yes.

COUNCILMEMBER COCHRAN: --due to the bidding process and you said whatever we choose to do so it looks like you are asking for turnouts this upcoming, so...

MR. SHIMADA: Yes. The other 50 percent which is about 150 extra sets and as stated, you know, whatever you guys want us to do, we can purchase 38 sets out of the 150 or we can return the money, whatever you guys want us to do.

COUNCILMEMBER COCHRAN: Well personally, I mean, I think if it's already there for that and you're gonna need it then keep it and put the order in and order. And the other kind of disturbing thought is that because you're purchasing person's been out since June, you haven't been ordering things? I mean, I don't understand, but yet you said you talked to Mr. King to help you assist in purchasing. So how's that work or not work?

MR. SHIMADA: Actually, I talked to, I sent a letter to Mr. King for assistance with writing a disqualification letter to the lowest bidder. As far as purchasing items for the Department, we've been all trying to pitch in and, you know, do what we can but we have been shorthanded. We've actually been short two more staff upstairs. We just recently filled our admin assistant so that's giving us a little relief but we're still trying

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our best to, you know, conduct business, but we fall in, a little bit behind in purchasing some of the things we need. I give you an example, we need to keep a small inventory of gloves on hand. When there's a hole in somebody's glove I need to replace that thing immediately. I can't have that guy jumping on a truck with a hole in his glove, you know, he burns his hand then I'm gonna have to be the one to explain why his hand got burnt. So but we'll do our best to catch up and we are currently working on trying to fill that position in our warehouse.

COUNCILMEMBER COCHRAN: Okay. Thank you Chair.

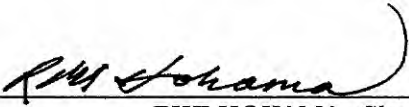
CHAIR HOKAMA: Okay. Any other questions, Members, on this item? Okay. We are going to defer this item, members.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. And we shall go into recess until Monday morning, May 2nd, 9:00 a.m., in this Chambers. We shall reconvene to bring back this item BF-38(56) for Committee's review and decision making. Any questions? Okay. We are in recess. . . .(gavel). . .

RECESS: 12:00 p.m.

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:160429 am:mb

Transcribed by: Michelle Balala

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CERTIFICATE

I, Michelle Balala, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 24th day of May, 2016, in Makawao, Hawaii

Michelle Balala

Michelle Balala